United States House of Representatives
BEFORE THE COMMITTEE ON ENERGY AND COMMERCE
AND SUBCOMMITTEE ON TELECOMMUNICATIONS AND THE INTERNET

WEDNESDAY, APRIL 20, 2005

How Internet Protocol-Enabled Services Are Changing the Face of Communications: A Look at Video and Data Services

TESTIMONY OF JAMES M. GLEASON

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SIKESTON, MISSOURI

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PITTSBURGH, PENNSYLVANIA

INTRODUCTION

Thank you, Mr. Chairman and members of the subcommittee.

My name is Jim Gleason, and I am president and chief operating officer of NewWave Communications, an independent cable business currently serving 20,000 customers in Missouri, Tennessee, Arkansas, North Carolina and South Carolina. My company provides cable television, digital cable, high-speed internet, local phone VOIP service, digital video recorders and other advanced services in 10 smaller systems and rural areas throughout the Midwest and Southeast United States.

I am also the chairman of the American Cable Association. ACA represents nearly 1,100 smaller and medium-sized independent cable businesses. These companies do one thing – serve our customers. They don't own programming or content; nor are they run by the large media companies. Collectively, ACA members serve nearly 8 million customers, mostly in smaller markets. ACA's constituency is truly

national; our members serve customers in every state and in nearly every congressional district, particularly those of this Committee.

To begin, I want to commend you for holding this hearing. My testimony today details what I think has gone right and what has gone wrong in the video services industry over the past decade, and I will offer my thoughts on what lessons should be transferred into the digital IP world. I believe you stand at an historic moment, when we shift from the 1970s-era policies of the analog world to the exciting and enticing future that the digital revolution can provide. I strongly urge this Committee to seize this moment and to adopt what has worked in the past and to discard what has outlived its purpose. In short, I believe it is time for the balance of power between programmers, operators, media consortiums and broadcasters to be recalibrated for the digital world so that each is subject to the creative power of competitive market forces.

I have been in the cable business for 20 years, and I have seen firsthand the effect that growing media consolidation, rising programming increases, forced tying and bundling of channels, and retransmission consent have had on my company and, most importantly for you, on your constituents. As you analyze what rules should be in place in an IP-based market place, I believe you must review whether the current analog rules are really providing consumers with the "best television money can buy." Now is the time to discard the rules that: 1) force consumers to take programming they do not want; 2) allow media consortiums to raise prices with no regard to what consumers value; 3) hide the reasons for higher rates from the Congress, the Federal Communications Commission, the local franchising authorities and consumers alike;

and, 4) fail to harness the greatest of American tools, a free market to spur diverse and new programming. Digital platforms may provide consumers with a wondrous world of new and valuable programming. But if you allow the old rules stay in place, it will just be more of the same. Wouldn't it be a shame to clog the healthy and robust arteries of the new IP infrastructure when you have the chance to inject new vitality into this space? To provide consumers with the greatest benefit, it is imperative that you break with the past and recognize that some old ideas no longer serve the greater good.

Before describing my views on how to craft the best market structure, I want to offer one other cautionary point about smaller markets and rural communities.

Out in the smaller communities ACA members serve from Pennsylvania to Nebraska to Oregon to Mississippi, it is our core video business that allows us to finance and provide the high-speed services that everyone wants in order to bridge the Digital Divide. But unlike independent cable, satellite providers, telephone giants and major cable companies are not rushing into these communities to offer high-speed data or other advances services. The headlines you read about new services and suites of services are offered to larger communities. If ACA members' video service cannot survive, I can assure you no one of us will be around to offer the cable modem services these communities need. In short, video programming is not "just" about programming choices and rates, but it is also the foundation upon which advanced services are built.

As I see it, there are four fundamental and specific changes that need to be made if your goal is to provide the greatest diversity of video services at prices consumers will pay in the IP-enabled world. These steps have been detailed

extensively in the ACA's recent comments in the FCC's programming inquiry, ACA's petition for rulemaking on retransmission consent that was recently opened by the FCC, and in ACA's comments on the Satellite Home Viewer Extension and Reauthorization Act. I urge each of you to review these filings because I believe they embody the core elements of what is wrong with today's market and provide solutions for a better market tomorrow. The four changes are:

1. **Update And Change The Current Retransmission Consent Rules To Help Remedy The Imbalance Of Power Caused By Media Consolidation.**
2. **Treat Video Services Alike As Much As Possible, Regardless Of The Means Of Delivery.**
3. **Make Access To Quality Local-Into-Local Television Signals Available.**
4. **Correct Rules That Allow For Abusive Behavior Because Of Media Consolidation And Control Of Content.**

What needs to be changed and why:

1. **Current Retransmission Consent Rules Must Be Updated To Help Remedy The Imbalance Of Power Caused By Media Consolidation.**

- **The current retransmission consent and broadcast exclusivity laws and regulations limit consumer choice and impede independent cable operators' ability to compete in smaller markets and rural America by permitting distant media conglomerates to charge monopoly prices for programming. This situation must not be carried forward into the IP world or in the post-DTV world.**

The current laws and regulations governing retransmission consent and broadcast exclusivity limit consumer choice and significantly impede independent, smaller and medium-sized cable operators' ability to compete in rural America by permitting distant media conglomerates to mandate the cost and content of most of the services that these operators provide in local small markets. We estimate that this year broadcasters will leverage retransmission consent rules to extract more than $860 million from consumers served by ACA members. Remember, this is cash out of consumers' pockets to pay for programming that is freely available over-the-air. And broadcasters don't only demand cash for carriage. Some members of the largest media conglomerates even require our cable companies to carry affiliated satellite programming in systems outside of the member's local broadcast market. In this way, ownership of a broadcast license is used to force carriage of, and payment for, affiliated programming by consumers who do not even receive the broadcast signal at issue.

The programmers can get away with these abuses because the pricing of retransmission consent does not occur in a competitive market. Under the current regulatory scheme, media conglomerates and major affiliate groups are free to demand monopoly "prices" for retransmission consent while blocking access to readily available lower cost substitutes.

They do so by two methods:

- First, the network non-duplication and syndicated exclusivity laws and regulations allow broadcasters to block cable operators from cable-casting network and syndicated programming carried by stations outside of the broadcaster's protected zone. For example, a Disney/ABC-owned station that broadcasts in a small town or rural area can use the broadcast exclusivity rules to block a cable operator from cable-casting a station owned by a local ABC affiliate in the next market. In other words, the conglomerate-owned station makes itself the only game in town and can charge the cable operator a monopoly "price" for its must-have network programming. The cable operator needs this programming to compete. So your constituents end up paying monopoly prices.
- Second, the media conglomerates require network affiliates to sign contracts that prevent the affiliate from selling their programming to a cable operator in a different market. Again, the conglomerate-owned and operated stations are the only game in town.

In these situations, the cable companies' only defense is to refuse to carry the programming. This has virtually no effect on the media conglomerates, but it prevents your constituents from receiving must-have network programming and local news. This result directly conflicts with the historic goals and intent of the retransmission consent and broadcast exclusivity rules, which were to promote consumer choice and localism.

There is a ready solution to this dilemma. When a broadcaster seeks a "price" for retransmission consent, give independent, smaller and medium-sized cable companies the ability to shop for lower cost network programming for their customers.

Accordingly, in our March 2, 2005, Petition for Rulemaking to the FCC, ACA proposed the following adjustments to the FCC's retransmission consent and broadcast exclusivity regulations:

- One: Maintain broadcast exclusivity for stations that elect must-carry or that do not seek additional consideration for retransmission consent.
- Two: Eliminate exclusivity when a broadcaster elects retransmission consent and seeks additional consideration for carriage.
- Three: Prohibit any party, including a network, from preventing a broadcast station from granting retransmission consent.

On March 17, 2005, the FCC released ACA's petition for comments. By opening ACA's petition for public comment, the FCC has acknowledged that the current retransmission consent and broadcast exclusivity scheme requires further scrutiny. Before codifying a new regulatory regime for video services utilizing IP, Congress should

ask similar questions and make the important decision to update current law to rebalance the role of programmers and providers.

Congress, too, should revisit the retransmission consent laws to correct the imbalance caused by the substantial media ownership concentration that has taken place since 1992. One solution is to codify the retransmission consent conditions imposed on News Corp. to apply across the retransmission consent process. The three key components of those conditions include: (i) a streamlined arbitration process; (ii) the ability to carry a signal pending dispute resolution; and (iii) special conditions for smaller cable companies.

In summary, the retransmission consent and broadcast exclusivity regulations have been used by the networks and stations to raise rates and to force unwanted programming onto consumers. This must stop. If a station wants to be carried, it can elect must-carry. If a station wants to charge for retransmission consent, let a true competitive marketplace establish the price.

2. Treat Video Services Alike As Much As Possible, Regardless Of The Means Of Delivery.

As a fundamental principal of competition, like services should be treated alike, regardless of how the service is distributed to consumers, whether by cable, satellite, wireless, copper or other means. I would urge you to be skeptical of those advocating reduced regulatory obligations to provide like services, because that is a harbinger of their desire to eliminate, not promote, competition.

We're here today partly because huge, national phone companies are asking to be released from fundamental video regulations, such as the need to obtain a franchise from a local government to use its public rights-of-way or the obligation to pay a franchise fee for the use of such rights-of-way. These companies claim that if Congress would only release them from regulation, they would be able to compete against cable.

Ironically, the companies asking to be deregulated today had to be broken up in the not-too-distant past because of their monopolistic practices.

Furthermore, it is not genuine for these giant, national phone companies that are on the path again toward consolidation and dominant market control to say they need Congressional help to compete against my smaller company or any ACA member.

As the FCC has observed, video competition is local. Competition is not national, as if it were PHONE versus CABLE versus SATELLITE. It's my company, NewWave Communications, versus DirecTV and EchoStar, and now versus SBC, Verizon and other phone giants.

Nearly 1,100 ACA members compete head-to-head against these giant companies in Dexter, MO, Brownsville, TN, and also in Bloomingdale, MI, Braintree, MA, Parkdale, OR, Ramsey, IL, and many other towns represented by this Committee. Compounding this challenge is the fact that for our members each new customer and mile of cable must be financed by a loan from the local bank signed by the local owner, while our mega-competitors are financed by Wall Street.

Direct broadcast satellite (DBS) is an example of this point.

Since 1999, the DBS industry has become a mature, successful business and a powerful competitor to cable. This is especially true in the smaller markets and rural areas served by my company and ACA members. DBS took away cable market share from the start, even before receiving specific legislative and regulatory relief. In some smaller markets, DBS has become the dominant provider. And when you consider competition at the local level, it is not hard to see why.

The typical ACA member company in your state serves about 1,000 customers per cable system. DirecTV serves almost 12 million more customers than the average ACA member. Similarly, EchoStar serves almost 10 million more subscribers than the average ACA member. It is self-evident that these companies benefit from far greater economies of scale, access to capital and bargaining power over programmers and other suppliers. As the FCC found, the acquisition of DirecTV by News Corp. enhanced those competitive advantages. Compounding the problem, smaller cable operators bear a much greater regulatory load against these giants. It would no different with the national phone companies if they are deregulated. Consider the following comparison:

REGULATORY BURDENS

	ACA MEMBERS (Avg. 8,000 Subscribers)	BIG TELCOS' CURRENT OBLIGATIONS UNDER TITLE VI AND RELATED REGULATIONS	WHAT BIG TELCOS ARE ASKING FOR	DBS (DirecTV – 12 million subscribers; EchoStar – 10 million subscribers)
Mandatory carriage of broadcast on basic	Yes	Yes	To be exempt	No
Must-carry in all markets	Yes	Yes	To be exempt	Must-carry only in selected markets
Must-carry for qualified low power stations	Yes	Yes	To be exempt	No
Retransmission consent	Yes	Yes	To be exempt	Yes
Full public interest obligations	Yes	Yes	To be exempt	Limited public interest obligations
Emergency alert requirements	Yes	Yes	To be exempt	No
Tier buy-through	Yes	Yes	To be exempt	No
Franchising requirement	Yes	Yes	To be exempt	No
Franchise fees	Yes	Yes	To be exempt	No
Local taxes	Yes	Yes	To be exempt	No
Signal leakage/CLI	Yes	Yes	To be exempt	No
Rate regulation	Yes	Yes	To be exempt	No
Privacy obligations	Yes	Yes	To be exempt	Yes
Customer service obligations	Yes	Yes	To be exempt	No
Service notice provisions	Yes	Yes	To be exempt	Limited to notice regarding privacy rights
Closed captioning	Yes	Yes	To be exempt	No
Pole attachment fees	Yes	Yes		No
Channel positioning requirements for local broadcast stations	Yes	Yes	To be exempt	Only requirement is to retransmit local broadcast stations on contiguous channels
Billing requirements	Yes	Yes	To be exempt	No
Public file requirements	Yes	Yes	To be exempt	No

Before changing the rules now for the giant telephone companies, Congress should examine the regulatory disparity among all providers that exists in local markets today and try to eliminate those artificial and unnecessary disparities. With vibrant competition as the goal, why should the heavy hand of government weigh on one type of provider versus another, let alone do so in order to disadvantage small businesses such as my own that are the heart and soul of local Chambers of Commerce across this country?

To ensure that local communications businesses continue to deliver advanced services in smaller markets, Congress should consider reducing, or at least equalizing, the regulatory burdens on independent cable.

Moreover, any legislative or regulatory action to treat multi-video programming distributors differently – whether cable, satellite, phone or wireless, among others – will skew competition across America.

For these reasons, the Committee should treat and regulate all video providers alike, regardless of how video signals are distributed to the customer.

3. Make Access To Quality Local-Into-Local Television Signals Available.

Another legislative obstacle to competition and rural consumers' access to local programming is the current local-into-local statutory scheme.

Because of distance from transmitters, many rural cable systems cannot receive good-quality local broadcast signals. By contrast, in local-into-local markets, DBS can deliver clear local broadcast signals regardless of distance from transmitters. The problem? The DBS duopoly refuses to allow rural cable systems to receive these DBS-delivered broadcast signals. As a result, more than one million rural consumers cannot receive good quality local broadcast signals from their provider of choice.

The inability to provide local broadcast signals is a serious handicap – it was this limitation that caused Congress to enact the Satellite Home Viewer Improvement Act in 1999, which Congress recently reauthorized through SHVERA. But SHVERA does nothing to solve the local signal problem for rural cable operators and customers.

Congress can solve this problem by revising the retransmission consent laws as follows:

> In markets where a satellite carrier delivers local-into-local signals, that satellite carrier shall make those signals available to MVPDs of all types on nondiscriminatory prices, terms and conditions when (i) the MVPD cannot receive a good quality signal off-air; and (ii) the MVPD has the consent of the broadcaster to retransmit the signal.

ACA's recommended revisions to the laws and regulations governing retransmission transmission consent and broadcast exclusivity are modest. But they will

advance the widespread dissemination of good quality local broadcast signals to your constituents and will address the serious competitive imbalance currently hurting small market and rural cable systems. Carrying this restrictive situation into the IP realm would further compound this mistake. All video vendors must be able to have access to quality signals if they are going to be viable competitors within the IP-enabled marketplace.

4. Correct Rules That Allow For Abusive Behavior Because Of Media Consolidation And Control Of Content.

What most consumers do not understand is that my independent company and ACA member companies must purchase most of their programming wholesale from just four media conglomerates, referred to here as the "Big Four" – Disney/ABC, Viacom/CBS, News Corp./DirecTV/Fox, and General Electric/NBC. In dealing with the Big Four, all ACA members continually face contractual restrictions that eliminate local cable companies' flexibility to package and distribute programming the way our customers would like it. Instead, programming cartels, headquartered thousands of miles away, decide what they think is "valuable" content and what our customers and local communities see.

ACA members have intimate knowledge of the wholesale practices of the Big Four and how those practices can restrict choice and increase costs in smaller markets. By leveraging their broadcast assets, these cartels make the decisions that tend to lead to the headlines we all experience. We've seen the headlines: "Higher rates," "Indecent content," and "I have 200 channels and nothing is on" and the like. Why would we want to carry over a regulatory scheme that propels this situation into the IP world? Today is the day to recognize that there is no "market" in this market and the responsibility to correct that situation lies within this body.

To fix this situation, Congress must update and reform the rules so that:

a. **Local providers of all forms and customers have more choice and flexibility** in how programming channels are priced and packaged, including the ability to sell programming channels on a theme-based tier if necessary;

b. **Tying through retransmission consent must end.** Today, the media giants hold local broadcast signals hostage with monopolistic cash-for-carriage demands or demands for carriage of affiliated media-giant programming, which was never the intention of Congress when granting this power;

c. **The programming pricing gap between the biggest and smallest providers is closed** to ensure that customers and local providers in smaller markets are not subsidizing large companies and subscribers in urban America; and,

d. **The programming media giants must disclose, at least to Congress and the FCC, what they are charging local providers**, ending the strict confidentiality and non-disclosure dictated by the media giants. Confidentiality and non-disclosure mean lack of accountability of the media giants.

Let me explain.

- **Forced Cost and Channels**

For nearly all of the 50 most distributed channels (see Exhibit 1), the Big Four contractually obligate my company and all ACA members to distribute the programming to all basic or expanded basic customers regardless of whether we think that makes sense for our community. These same contracts also mandate carriage of less desirable channels in exchange for the rights to distribute desirable programming.

A small cable company that violated these carriage requirements would be subject to legal action by the media conglomerates, and for ACA's members, this is a very real threat.

These carriage restrictions prohibit ACA members from offering more customized channel offerings that may reflect the interests and values of our specific community.

- **More Forced Cost and Channels Through Retransmission Consent**

As previously discussed, retransmission consent has morphed from its original intent to provide another means to impose additional cost and channel carriage obligations. As a result, nearly all customers have to purchase basic or expanded basic packages filled with channels owned by the Big Four (See Exhibit 2).

In short, media conglomerates that control networks and broadcast licenses are exploiting current laws and regulations to actually reduce consumer choice and to increase costs, all for their own benefit. Such control should not be perpetuated in the IP or in the post-DTV transition world.

- **Forced Carriage Eliminates Diverse Programming Channels.**

The programming practices of certain Big Four members have also restricted the ability of some ACA members to launch and continue to carry independent, niche, minority, religious and ethnic programming. The main problem: requirements to carry Big Four affiliated programming on expanded basic eliminate "shelf space" where the cable provider could offer independent programming.

If new independent programmers are to provide outlets for this type of programming to reach consumers, you must ensure that they are not subject to the handcuffs current programming practices place upon them.

- **Local Flexibility is Needed.**

In order to give consumers more flexibility and better value, changes in current wholesale programming practices and market conditions are needed for all providers. Operators must be given more flexibility to tailor channel offerings that work best in their own local marketplaces.

As I have stated, the Big Four condition access to popular programming on a range of distribution obligations and additional carriage requirements. These restrictions and obligations eliminate flexibility to offer more customized channel packages in local markets.

With more flexibility, cable operators could offer a variety of options to their customers, including more customized program offerings that meet the local needs and interests of our customers.

However, without congressional or regulatory involvement or accountability, the Big Four will continue to act solely to benefit themselves, without regard to the cost, channels and content forced upon consumers. Again, this situation must be remedied now and guarded against in any future IP regulatory regime.

It's important to point out that neither my company nor any ACA member controls the content that's on today's programming channels. That content – decent or

not – is controlled by the media conglomerates that contractually and legally prevent us from changing or preempting any questionable or indecent content.

However, if my company and other ACA members had more flexibility to package these channels with the involvement of our customers, current indecency concerns raised by both Congress and the FCC could also be addressed.

- **Price discrimination against smaller cable companies makes matters worse.**

The wholesale price differentials between what a smaller cable company pays in rural America compared to larger providers in urban America have little to do with differences in cost, and much to do with disparities in market power. These differences are not economically cost-justified and could easily be replicated in the IP world as smaller entrants are treated to the same treatment our members face.

Price discrimination against independent, smaller and medium-sized cable companies and their customers is clearly anti-competitive conduct on the part of the Big Four – they offer a lower price to one competitor and force another other competitor to pay a 30-55% higher price FOR THE SAME PROGRAMMING. In this way, smaller cable systems and their customers actually subsidize the programming costs of larger urban distributors and consumers.

In order to give consumers in smaller markets and rural areas more choice and better value, media conglomerates must be required to eliminate non-cost-based price discrimination against independent, smaller and medium-sized cable operators and customers in rural America.

With less wholesale price discrimination, ACA members could offer their customers better value and stop subsidizing programming costs of large distributors.

- **Basis For Legislative and Regulatory Action**

Congress has the legal and constitutional foundation to impose content neutral regulation on wholesale programming transactions. The program access laws provide the model and the vehicle, and those laws have withstood First Amendment scrutiny. This hearing provides the Committee with a key opportunity to help determine the important governmental interests that are being harmed by current programming practices.

Furthermore, based in large part on the FCC's actions in the DirecTV-News Corp. merger, there is precedent for Congress and the FCC to address the legal and policy concerns raised by the current programming and retransmission consent practices of the media conglomerates. The FCC's analysis and conclusions in the News Corp. Order persuasively establish the market power wielded by owners of "must have" satellite programming and broadcast channels and how that market power can be used to harm consumers. That analysis applies with equal force to other media conglomerates besides News Corp.

- **Pierce the Programming Veil of Secrecy – End Non-Disclosure and Confidentiality.**

Most programming contracts are subject to strict confidentiality and nondisclosure obligations, and my company and ACA members are very concerned about legal retaliation by certain Big Four programmers for violating this confidentiality. Why does this confidentiality and non-disclosure exist? Who does it benefit?

Consumers, Congress, the FCC? I don't think so. Why is this information so secret when much of the infrastructure the media giants benefit from derives from licenses and frequencies granted by the government?

Congress should obtain specific programming contracts and rate information directly from the programmers, either by agreement or under the Committee's subpoena power. That information should then be compiled, at a minimum, to develop a Programming Pricing Index (PPI). The PPI would be a simple yet effective way to gauge how programming rates rise or fall while still protecting the rates, terms, and conditions of the individual contract. By authorizing the FCC to collect this information in a manner that protects the unique details of individual agreements, I cannot see who could object.

Armed with this information, Congress and the FCC would finally be able to gauge whether rising cable rates are due to rising programming prices as we have claimed or whether cable operators have simply used that argument as a ruse. A PPI would finally help everyone get to the bottom of the problems behind higher cable and satellite rates. We at ACA are so convinced that this type of information will aid you in your deliberations that we challenge our colleagues in the programming marketplace to work with us and this Committee to craft a process for the collection of that data.

In short, without disclosure, there is no accountability.

CONCLUSION

In preparing to talk to you today, I have held the following image in my mind from the Wizard of Oz.

If you think things are fine in the World of Television today, then do nothing and live on in Oz.

But if you are worried about how much television costs or why consumers can't receive more of the specific types of programming they want or how they can protect their families from unwanted programs or why diverse programming struggles to get on the air, then you must pull back the curtain. What you will find is a cabal of "wizards" laboring at the levers of programming, using broadcast signals and onerous leverage to gain carriage of other programming that would never make it on its own.

As a smaller, independent businessman who lives in this arena, I can assure you that the market needs your help now to fix these problems. The future IP-based world needs you to act with the wisdom, heart and courage to face down the corporate media wizards that tell you everything is fine in order to have you convey these problems onto the next generation of video services. Do not fall prey to that argument.

Biography of James M. Gleason

James M. Gleason is the President and Chief Operating Officer of NewWave Communications and has held that position since the company's inception in September of 2003. NewWave is a cable television company serving nearly 20,000 subscribers in smaller communities primarily in Missouri and Tennessee. NewWave offers a wide variety of services including digital cable, high-definition television, digital video recorders, high-speed data services and telephone services. Mr. Gleason has extensive experience in all facets of cable television operations and has been in various positions in the cable television industry since 1986.

Currently, he also serves as Chairman of the American Cable Association and has served on the ACA Board of Directors since 1998. The American Cable Association represents 1,100 member companies serving nearly 8 million customers. Previously, Mr. Gleason served as Chairman of the Board of the National Cable Television Cooperative. He also serves on the Boards of Directors for the Southeast Missouri State University Foundation and Missouri Delta Medical Center. Mr. Gleason holds a Bachelor of Science degree in Business Administration from Southeast Missouri State University. Mr. Gleason resides in Sikeston, Missouri, and is married with three children.

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New Wave Communications/American Cable Association

EXHIBIT 1 – Ownership of the Top 50 Programming Channels

Channel	Ownership
BET	Viacom / CBS
CMT	Viacom / CBS
MTV	Viacom / CBS
Nickelodeon	Viacom / CBS
Spike	Viacom / CBS
TV Land	Viacom / CBS
VH1	Viacom / CBS
Comedy Central	Viacom / CBS
ABC Family	Walt Disney Co. / ABC
Disney	Walt Disney Co. / ABC
ESPN	Walt Disney Co. / ABC
ESPN2	Walt Disney Co. / ABC
Lifetime	Walt Disney Co./Hearst
A&E	Hearst/ABC/NBC
History	Hearst/ABC/NBC
CNBC	GE/NBC
MSNBC	GE/NBC
Sci-fi	GE/NBC
USA	GE/NBC
Bravo	GE/NBC
Shop NBC	GE/NBC
Fox News	News Corp.
Fox Sports	News Corp.
FX	News Corp.
Speed	News Corp.
TV Guide	News Corp.
CNN	Time Warner / Turner
Headline News	Time Warner / Turner
TBS	Time Warner / Turner
TCM	Time Warner / Turner
TNT	Time Warner / Turner
TOON	Time Warner / Turner
Court TV	Time Warner / Liberty Group

Channel	Ownership
Animal Planet	Liberty Media
Discovery	Liberty Media
Travel	Liberty Media
TLC	Liberty Media
Golf	Comcast Corp.
Outdoor Life	Comcast Corp.
E!	Comcast Corp.
QVC	Comcast Corp.
HGTV	Scripps Company
Food	Scripps Company
AMC	Rainbow / Cablevision Systems
C-Span	National Cable Satellite Corp.
C-Span II	National Cable Satellite Corp.
WGN	Tribune Company
Hallmark	Crown Media Holdings
Weather	Landmark Communications
HSN	IAC/InterActiveCorp.

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EXHIBIT 2 – Channels Carried Through Retransmission Consent

Program Service	Ownership
FX	News Corp.
Fox News	News Corp.
Speed	News Corp.
National Geographic	News Corp.
Fox Movie Network	News Corp.
Fox Sports World	News Corp.
Fuel	News Corp.
ESPN2	Walt Disney Co. / ABC
ESPN Classic	Walt Disney Co. / ABC
ESPNews	Walt Disney Co. / ABC
Disney from premium to basic	Walt Disney Co. / ABC
Toon Disney	Walt Disney Co. / ABC
SoapNet	Walt Disney Co. / ABC
Lifetime Movie Network	Walt Disney Co. / Hearst
Lifetime Real Women	Walt Disney Co. / Hearst
MSNBC	GE / NBC
CNBC	GE / NBC
Shop NBC	GE / NBC
Olympic Surcharges for MSNBC/CNBC	GE / NBC
Comedy Central	Viacom / CBS
MTV Espanol	Viacom / CBS
MTV Hits	Viacom / CBS
MTV2	Viacom / CBS
Nick GAS	Viacom / CBS
Nicktoons	Viacom / CBS
Noggin	Viacom / CBS
VH1 Classic	Viacom / CBS
VH1 Country	Viacom / CBS
LOGO	Viacom/CBS

Comparing this with the Top Fifty Channels in Exhibit 1 demonstrates how certain members of the Big Five have used retransmission consent to gain a significant portion of analog and digital channel capacity.